

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 2360

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION BERLIN

AMEMBASSY BUDAPEST

USMISSION GENEVA

AMEMBASSY MOSCOW

AMCONSUL MUNICH

USMISSION NATO

AMEMBASSY PARGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

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ROE.O. 11652: GDS

TAGS: ETRD, EFIN, UR, RO, COMECON

SUBJ: CEMA PRICE INCREASES

REF: A) BUCH 0963 B) MOSCOW 4903

1. SOVIET COMMERCIAL OFFICER IN BUCHAREST CONFIRMS THAT
PRICE INCREASES FOR GOODS AND RAW MATERIALS IN CENU TRADE TO BE
WORKED OUT BILATERALLY. IN CASE OF ROMANIAN-SOVIET TRADE,
ABOUT 50'90 ITEMS AFFECTED IN 1975, MOSTLY
AW MATERIALS
SUCH AS IRON ORE AND COKE, CONSUMER GOODS, PETROCHEMICALS,
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AND SOME AGRICULTURAL PRODUCTS. MACHINERY AND EQUIPMENT

NOT AFFECTED, HE SAID, BECAUSE IN THESE ITEMS ROMANIAN-SOVIET TRADE BALANCE ROUGHLY EQUAL, HENCE PRICE INCREASES WOULD CANCEL OUT. WITH OTHER COUNTRIES, SUCH AS GDR OR HUNGARY, FROM WHICH USSR BUYS MORE MACHINE TOOLS OR TRANSPORTATION EQUIPMENT THAN IT SELLS, PRICE CHANGES BEING NEGOTIATED IN THESE CATEGORIES AS WELL. OVERALL, EFFORT IS BEING MADE TO LIMIT NUMBER OF ITEMS FOR WHICH PRICES BEING RENEGOTIATED, SINCE CHANGES NECESSITATE CORRESPONDING READJUSTMENT OF HOST OF BILATERAL AND MULTILATERAL AGREEMENTS. (EXAMPLE GIVEN WAS ROMANIAN AGREEMENT TO SELL CZECHS ELECTRIC POWER IN RETURN FOR GOODS; IF GOODS PRICE WERE CHANGED, AMOUNT OF ELECTRIC POWER DELIVERED WOULD ALSO HAVE TO BE ADJUSTED). FOCUS IS ON GOODS AND RAW MATERIALS WHOSE PRICES HAVE CHANGED MOST DRASTICALLY ON WORLD MARKET.

2. SOURCE REMARKED SOMEWHAT DISINGENUOUSLY THAT GOAL IS TO KEEP BILATERAL "BALANCE" (BY WHICH HE PRESUMABLY MEANT TERMS OF TRADE) ABOUT SAME AS BEFORE PRICE INCREASES. THIS IS PLAUSIBLE IN ROMANIAN CASE, SINCE GDR DOES NOT IMPORT OIL FROM USSR BUT DOES EXPORT REFINED PRODUCTS, WHOSE INCREASED PRICES CAN BE EXPECTED TO AT LEAST BALANCE INCREASED PRICES FOR IRON ORE AND COKE. IT CAN HARDLY APPLY, HOWEVER, TO HEAVY IMPORTERS OF SOVIET CRUDE.

3. SOURCE ALSO COMMENTED ON RECENT REGULARLY SCHEDULED VISIT TO ROMANIA BY SOVIET DEPUTY MINISTERS OF FOREIGN AND DOMESTIC TRADE, HERE PRIMARILY TO DISCUSS QUALITY PROBLEMS WITH ROMANIAN CONSUMER GOODS EXPORTED TO USSR. PROBLEMS ARE PERSISTENT, HE SAID, NOTING RUEFULLY THAT ROMANIA TENDS TO DELIVER GOODS OF HIGHER QUALITY THEN SELLING FOR CONVERTIBLE CURRENCY.
BARNES

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